

THE EUROPEAN ETICS MARKET

Facts & figures

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- **The European framework of construction in general and ETICS in particular**

Economic situation of the construction sector

Political and regulatory framework

- **The ETICS market in Europe**

Market size and market shares of insulation products

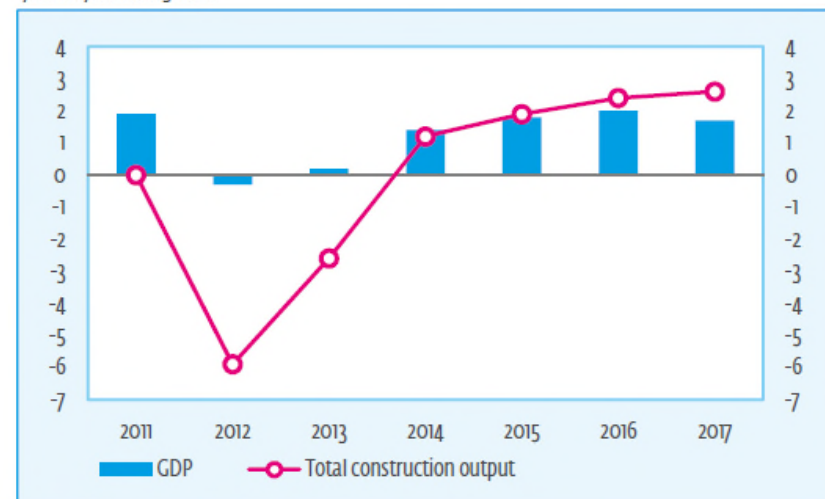
Developments and trends in the ETICS sector

- **The European framework of construction in general and ETICS in particular**
Economic situation of the construction sector

The European construction sector still suffers from the debt crisis and the sudden end of the real estate bubble.

However, the downturn has stopped; and indicators show a stable and positive trend for the following years.

GDP and Total Construction Output from 2011 to 2017
year to year change in %



Source: EUROCONSTRUCT (79th conference)

The **recovery of the construction economy** is **driven by** building construction – mainly **residential and non-residential buildings**.

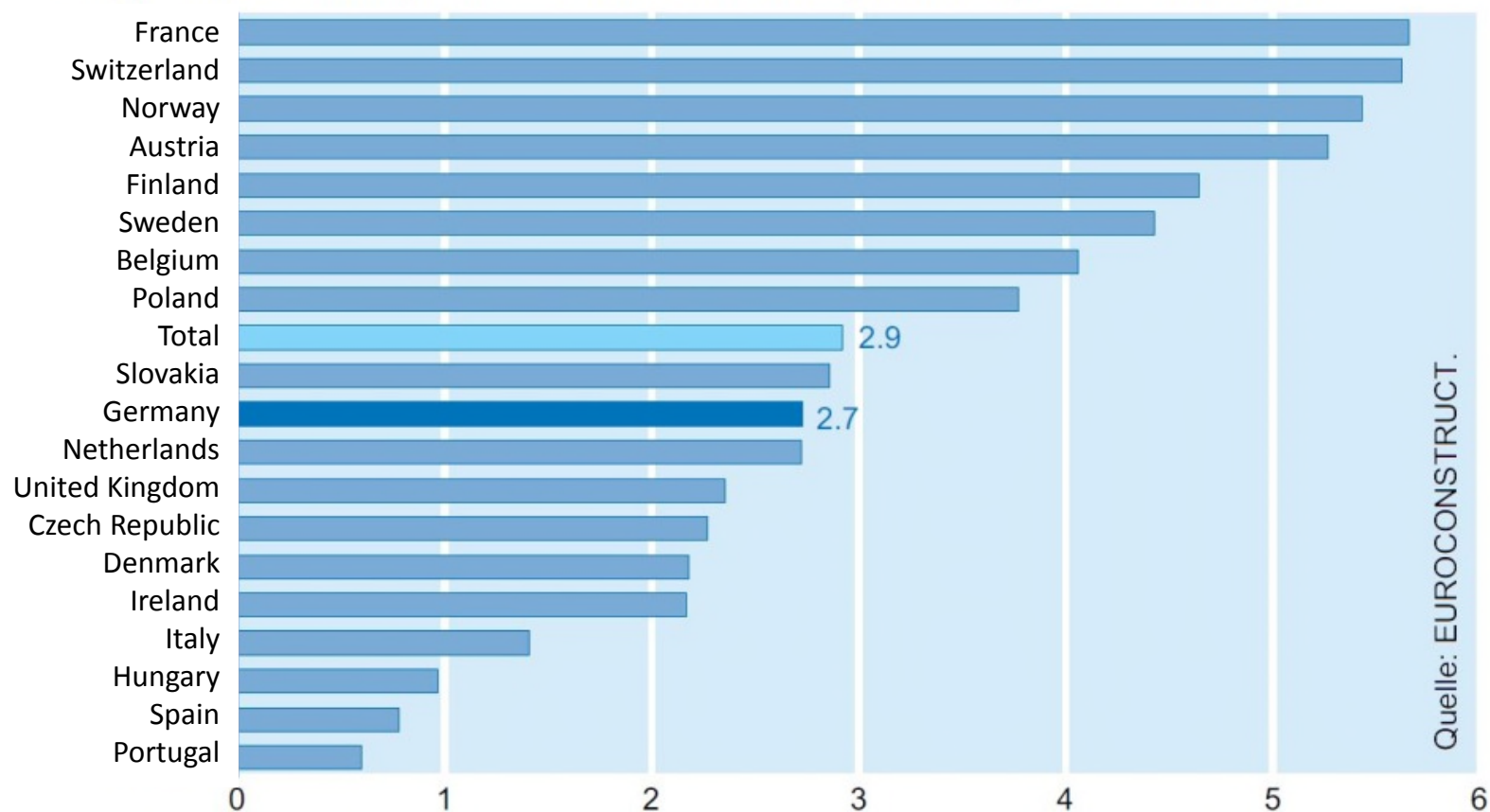
After a decline for several years the number of residential buildings completed will constantly grow within the next years. The detailed figures, however, deviate significantly between single EU Member States.

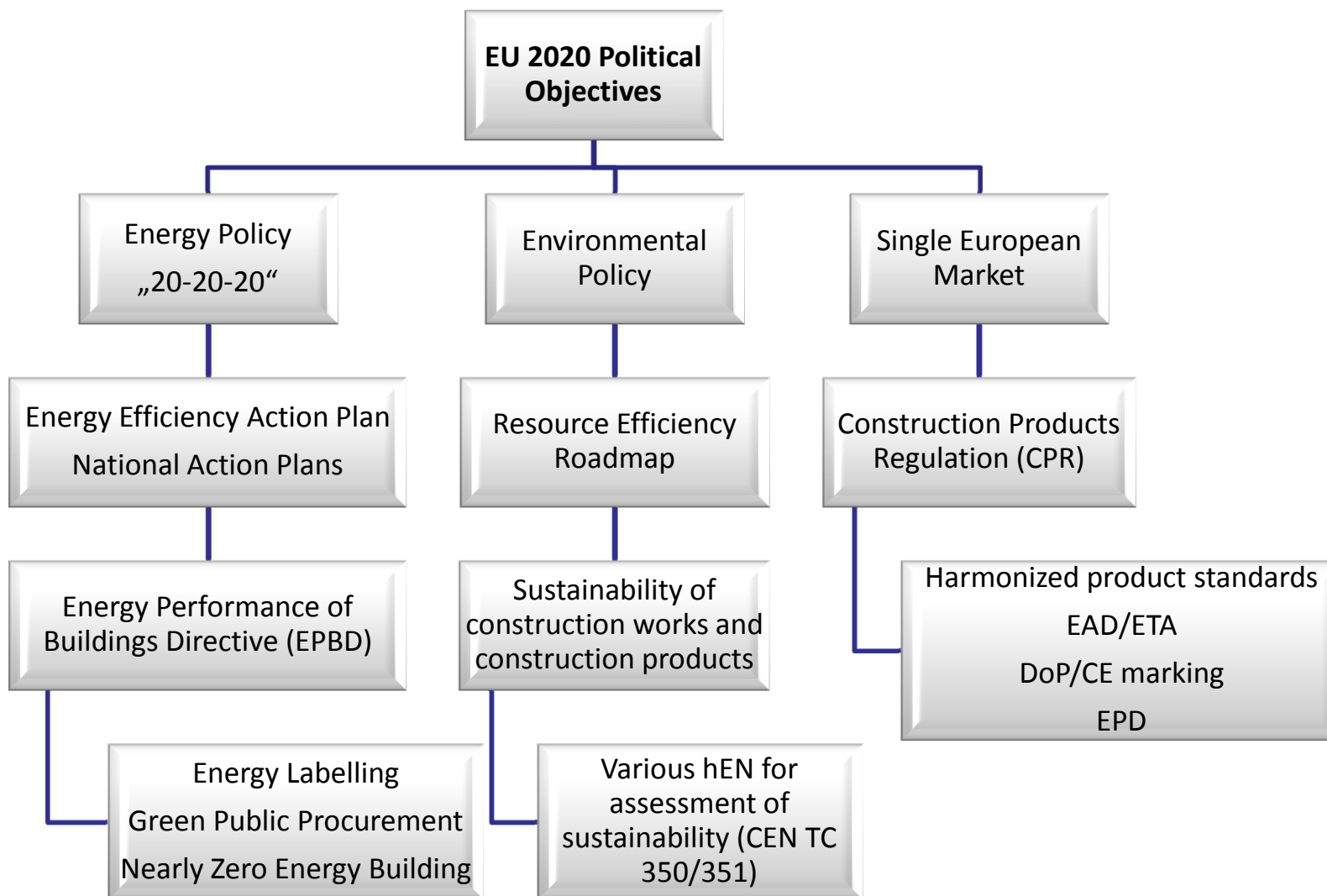
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------|-------|------|------|------|------|------|------|------|
| New Residential | - 4 | 0,1 | 2,6 | 4,7 | 3,7 | 5,0 | 6,2 | 7,6 |
| New non-residential | - 5,2 | 0,6 | 2,7 | 2,1 | 2,3 | 3,1 | 4,1 | 4,7 |
| Building R&M | - 0,3 | 1,4 | 1,6 | 1,1 | 1,4 | 1,8 | 2,2 | 2,6 |
| Civil Engineering | -4,2 | 1,4 | 2,2 | 2,6 | 2,7 | 3,7 | 4,4 | 4,9 |
| Total | - 2,7 | 1 | 2,1 | 2,2 | 2,2 | 2,9 | 3,6 | 4,2 |

Source: Building radar©

Residential buildings completed in Europe (2015)

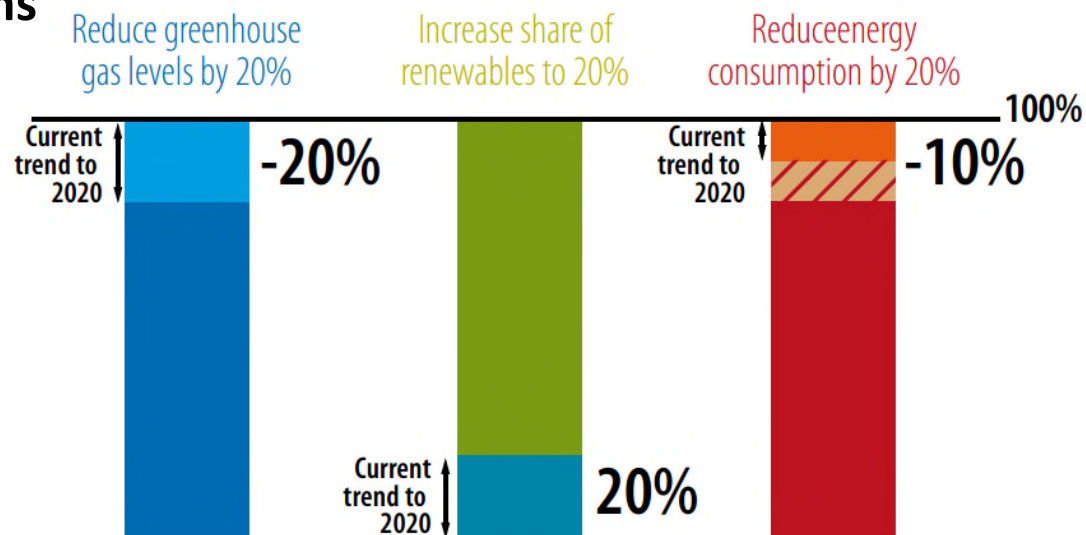
Number of dwellings in residential buildings completed per 1,000 inhabitants





■ The European framework of construction in general and ETICS in particular

- European energy and climate objectives by 2020: **20-20-20 policy**
- Energy Roadmap 2050:
reduction of CO2 emissions by 80%



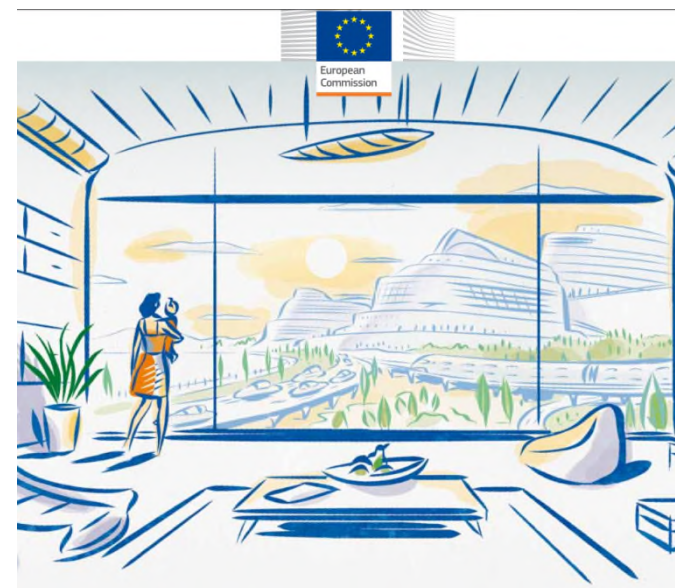
© European Energy Saving Guide 2012

- **Energy Performance of Buildings Directive (EPBD, 2010)**
 - **energy performance certificates** to be included in all advertisements
 - EU countries: establish inspection schemes for heating and air conditioning systems
 - new buildings: **nearly zero energy buildings** obliged by 31 December 2020; public buildings by 31 December 2018
 - EU countries: set **minimum energy performance requirements** for new buildings, major renovation and replacement or retrofit of building elements (heating and cooling systems, roofs, walls, etc.)
 - EU countries: draw up lists of national **financial measures** to improve energy efficiency of buildings



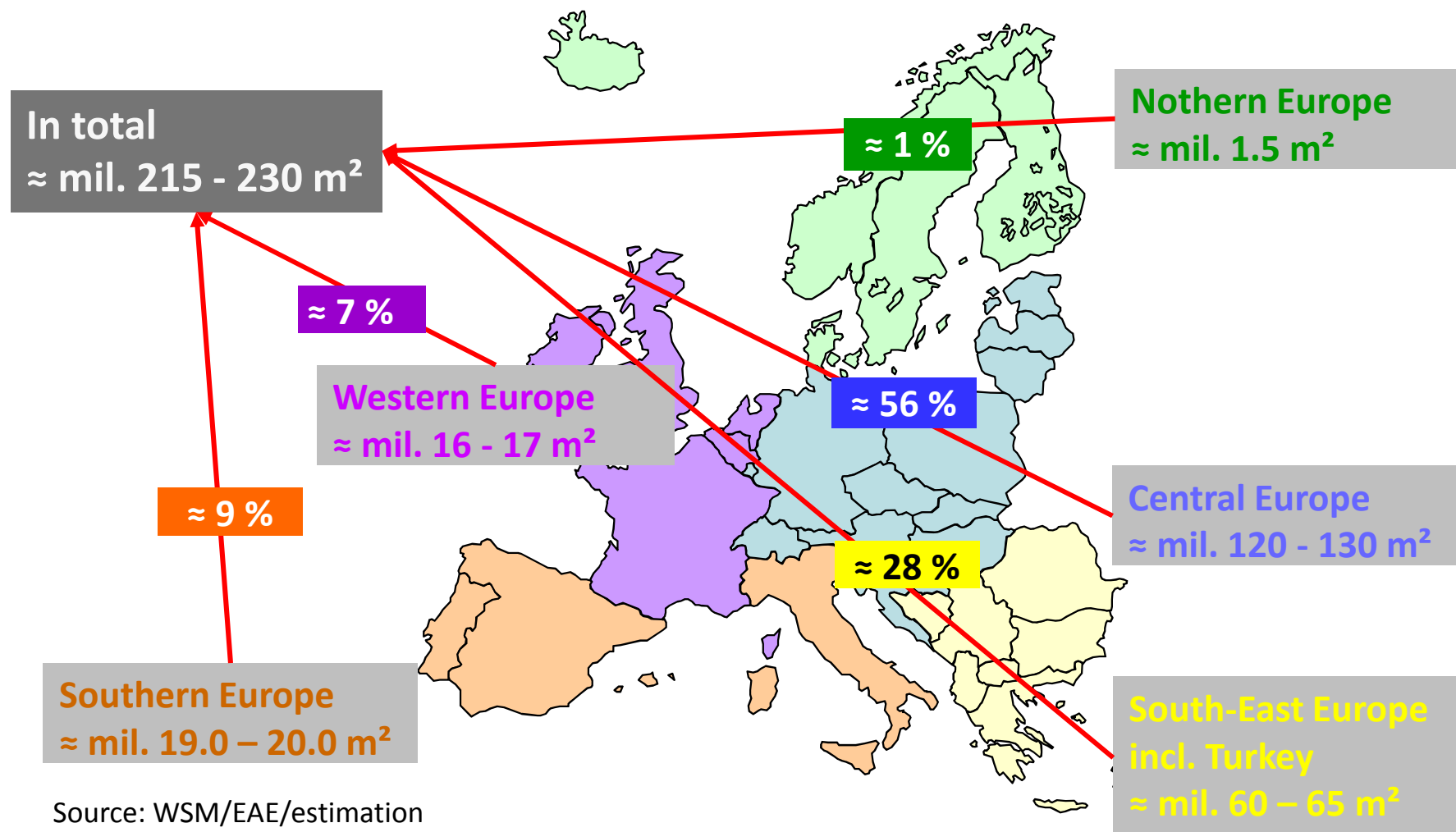
■ Energy Efficiency Directive (EED, 2012)

- EU countries: energy efficient **renovations to at least 3%** of buildings owned and occupied by central government
- EU governments should only purchase buildings which are highly energy efficient
- EU countries must draw-up **long-term national building renovation strategies** which can be included in their National Energy Efficiency Action Plans



- **The ETICS market in Europe**
Market size and market shares of insulation products
Developments and trends in the ETICS sector

Market size by region (2014)



Share of insulation materials (2014)

In total

EPS ≈ 82 - 83%

MW ≈ 11 - 12%

Others* ≈ 5 - 7%

*PF, PU, CG, XPS, WF, WW, ...

Western Europe

EPS ≈ 82%

MW ≈ 11%

Southern Europe

EPS ≈ 88%

MW ≈ 9%

Northern Europe

EPS ≈ 70%

MW ≈ 23%

Central Europe

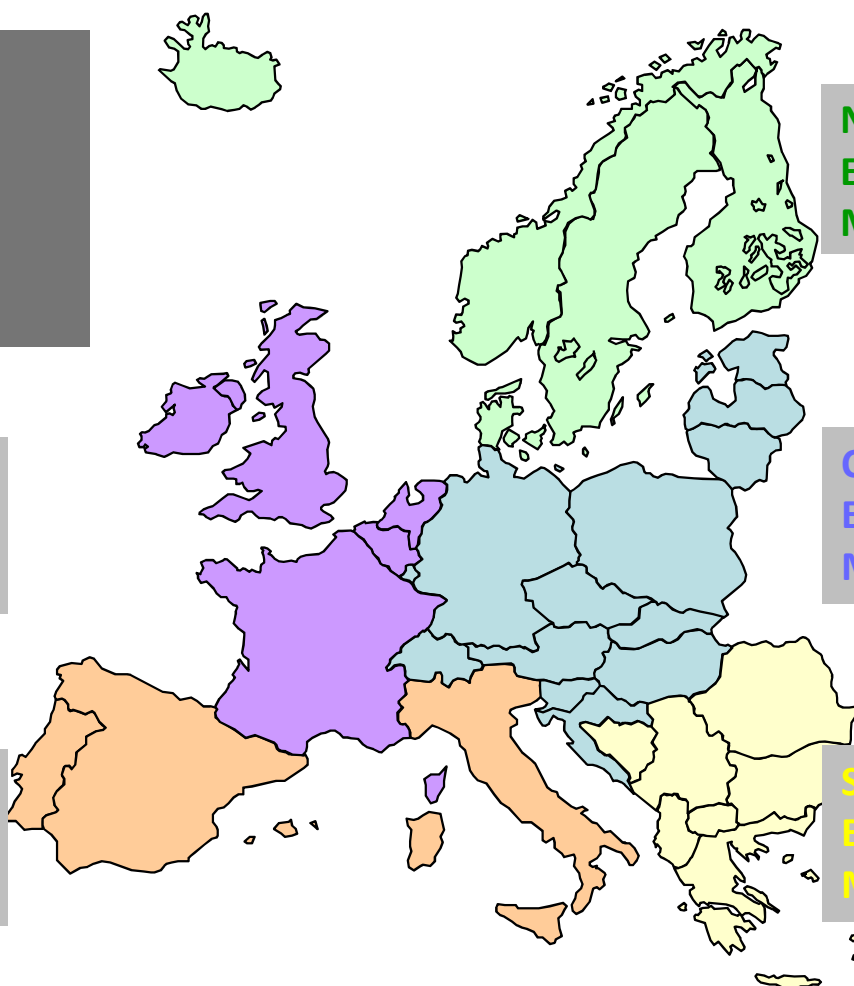
EPS ≈ 84%

MW ≈ 12%

South-East Europe

EPS ≈ 60 %

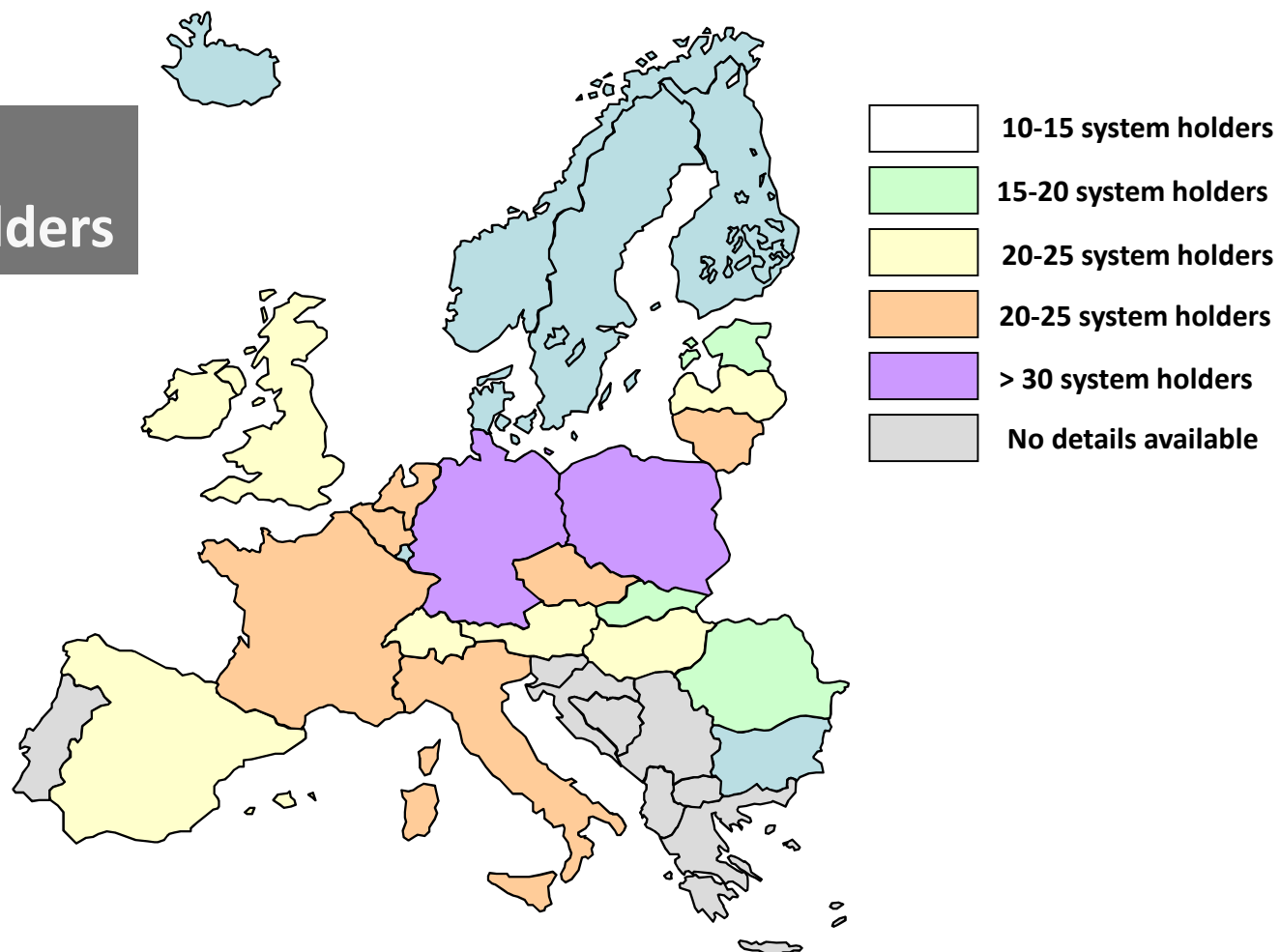
MW ≈ 25 %



Source: WSM/EAE/estimation

Market structure

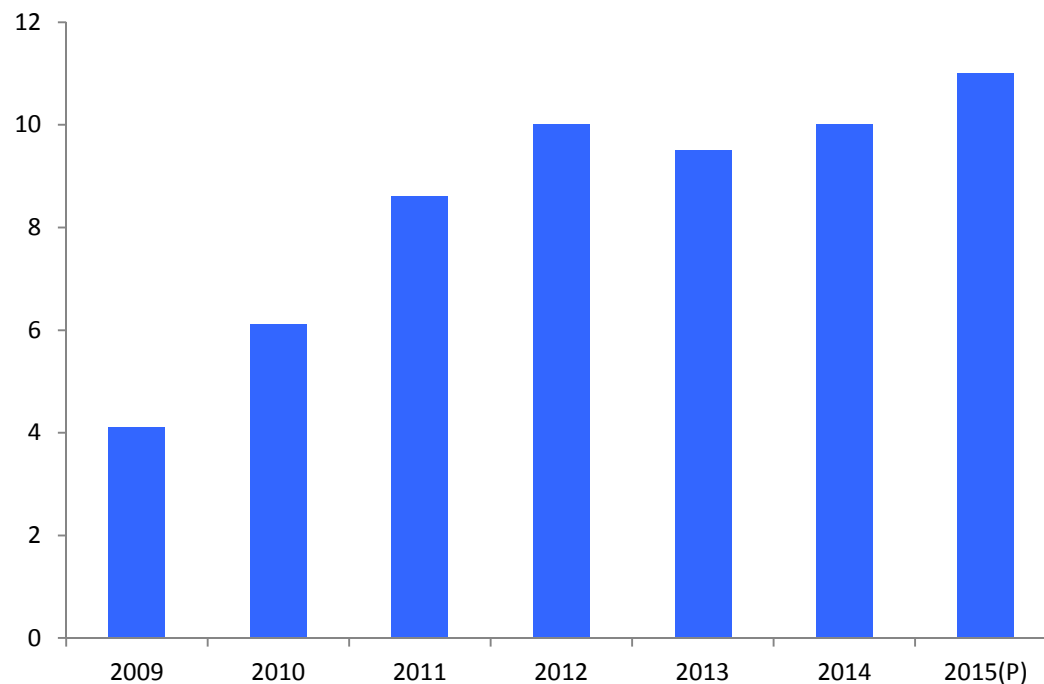
In total about
120 system holders



■ The ETICS market in Europe

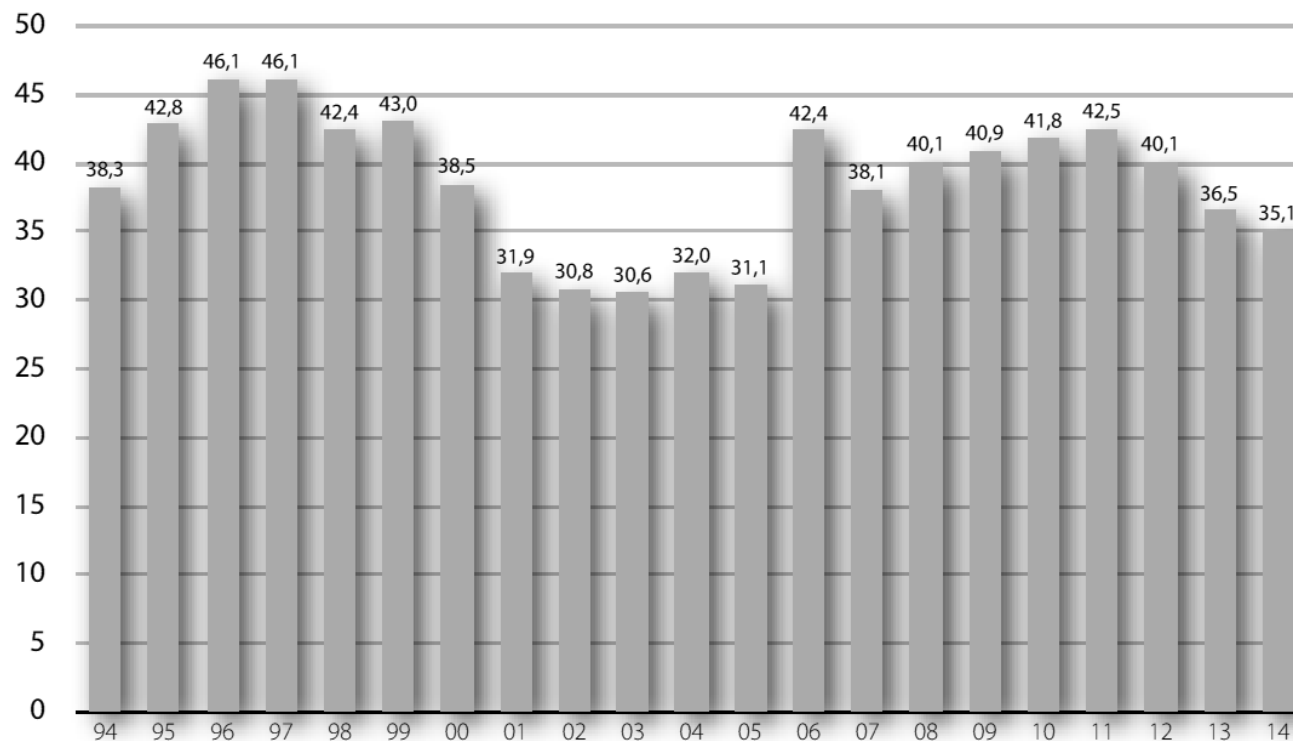
Developments and trends in the ETICS sector

In most Member States constantly growing ETICS markets can be observed.



Development French ETICS market – in mil m²

Negative press and a volatile regulatory framework may lead to uncertainty and reluctance to invest – with negative impact on the market development.



Development German ETICS market – in mil m²

Comparing the absolute annual market size Turkey and Poland represent the biggest ETICS markets in Europe:

| | |
|---------------------------------------|-------------------|
| Turkey – m² (2014): | 65,000,000 |
| Poland – m² (2014): | 40,000,000 |



Looking at the consumption per inhabitant, however, the Czech Republic is the benchmark in Europe:



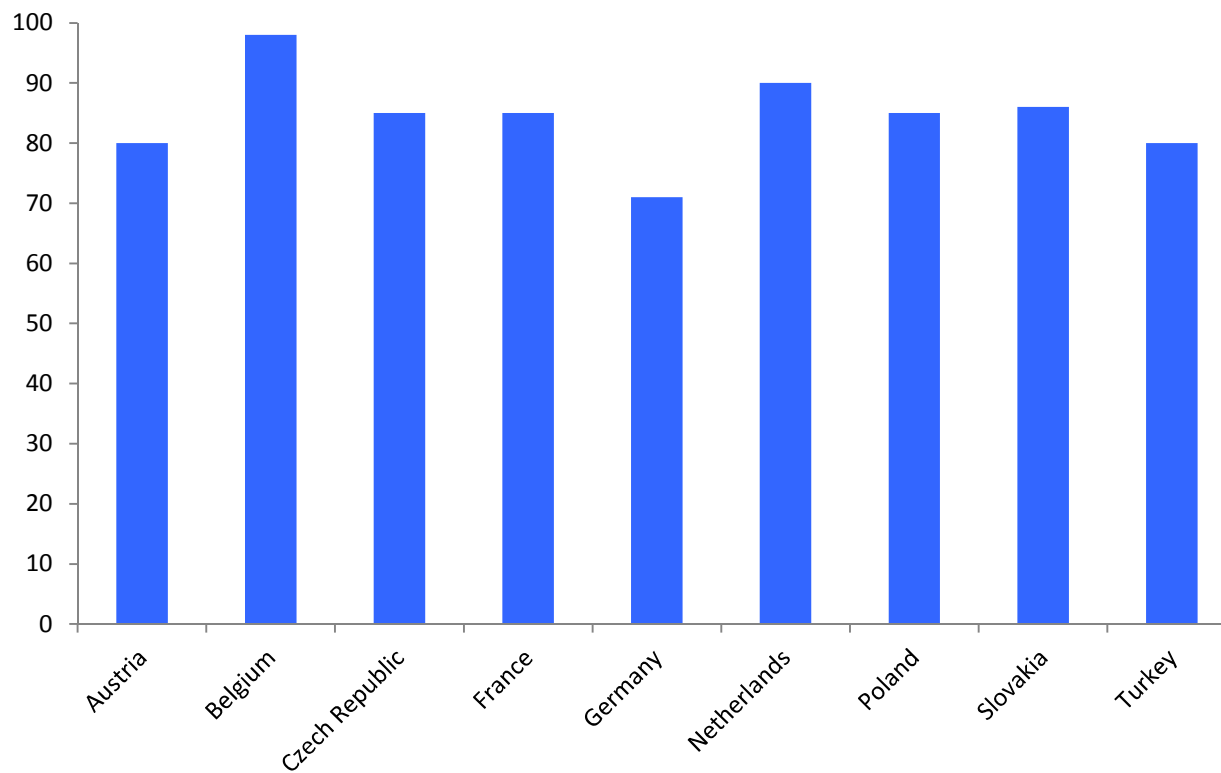
| | |
|--|-------------------|
| Inhabitants of Czech Republic: | 10,520,000 |
| Area of ETICS application m² (2014): | 15,300,000 |
| Consumption per inhabitant m²: | 1,45 |



| | |
|--|-----|
| European average consumption per Inhabitant m ² : | 0,4 |
|--|-----|

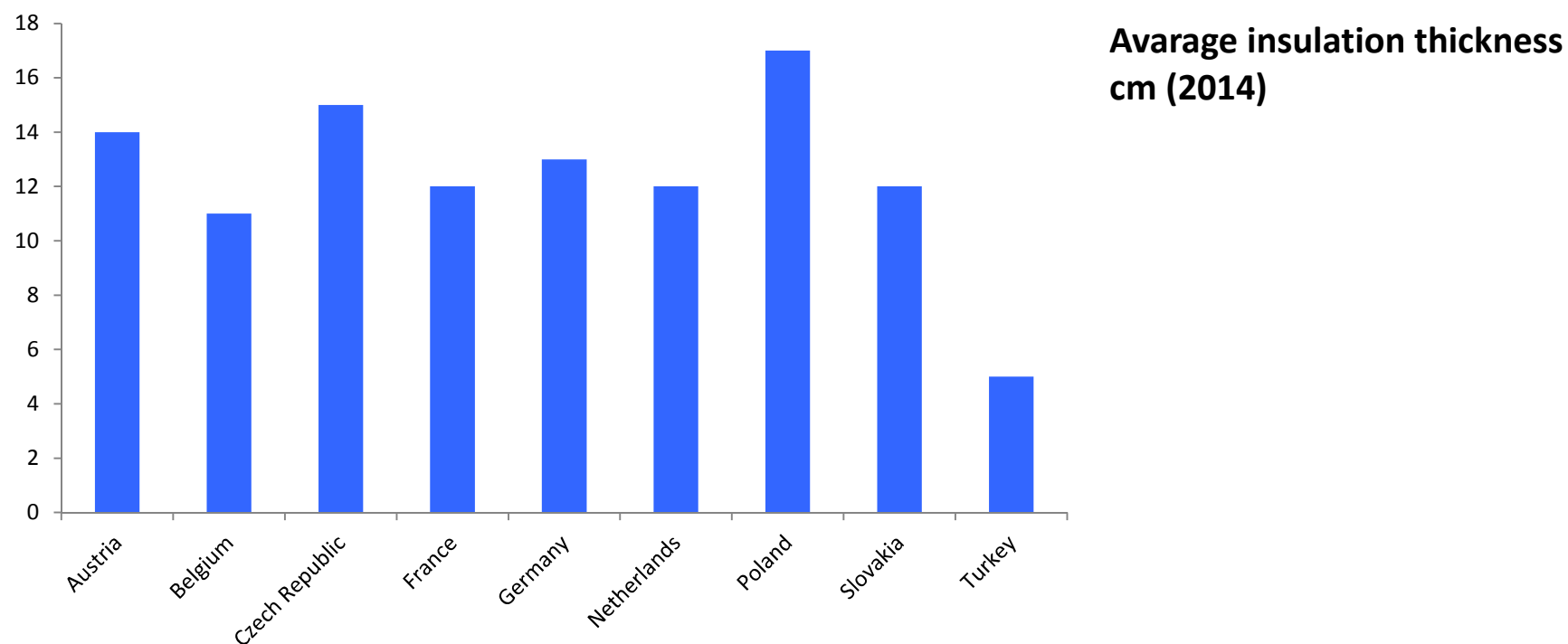
In most Member States EPS is the predominantly used insulation product.

EPS market share %

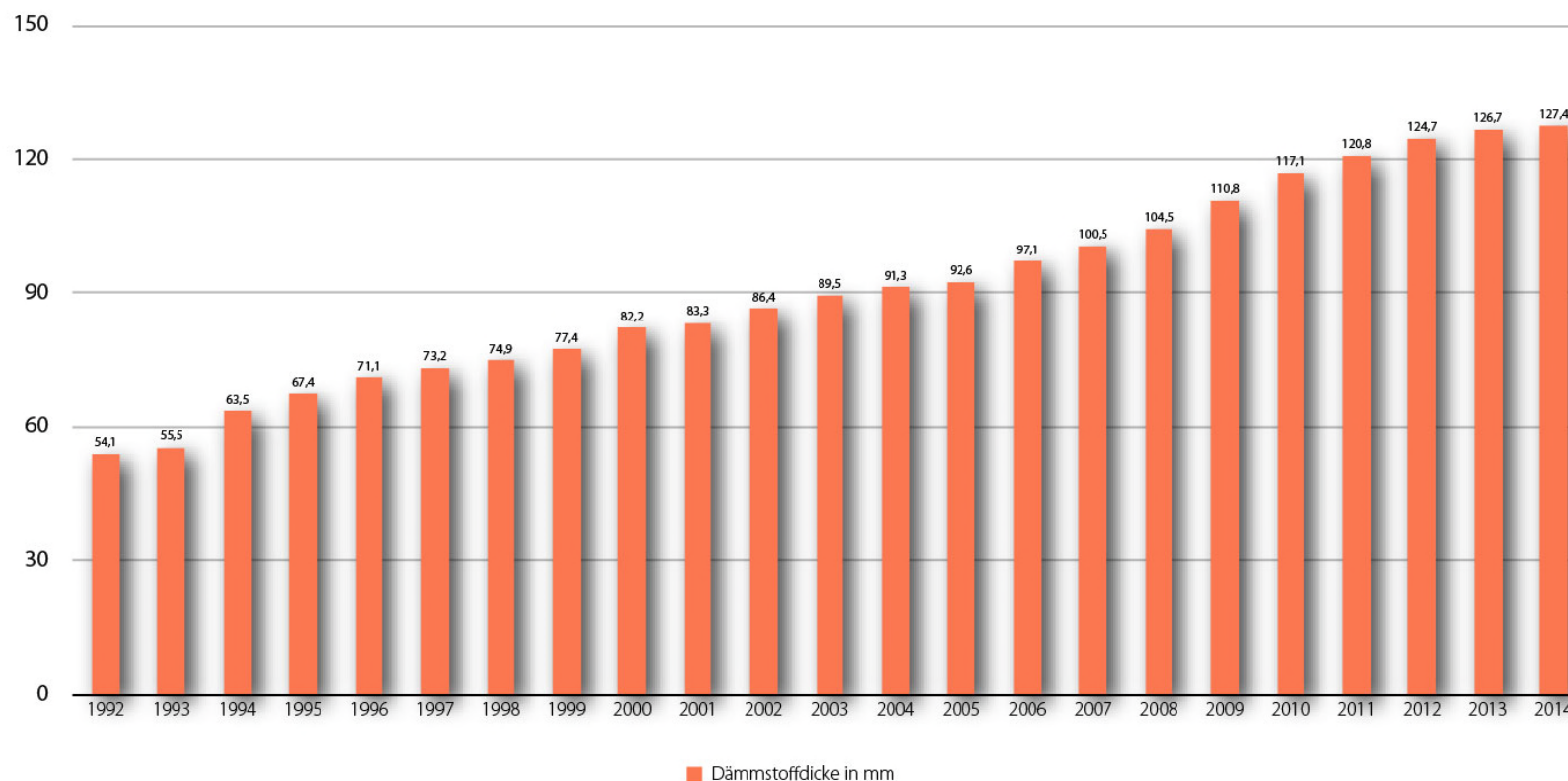


The average insulation thickness converged rapidly in most Member States.

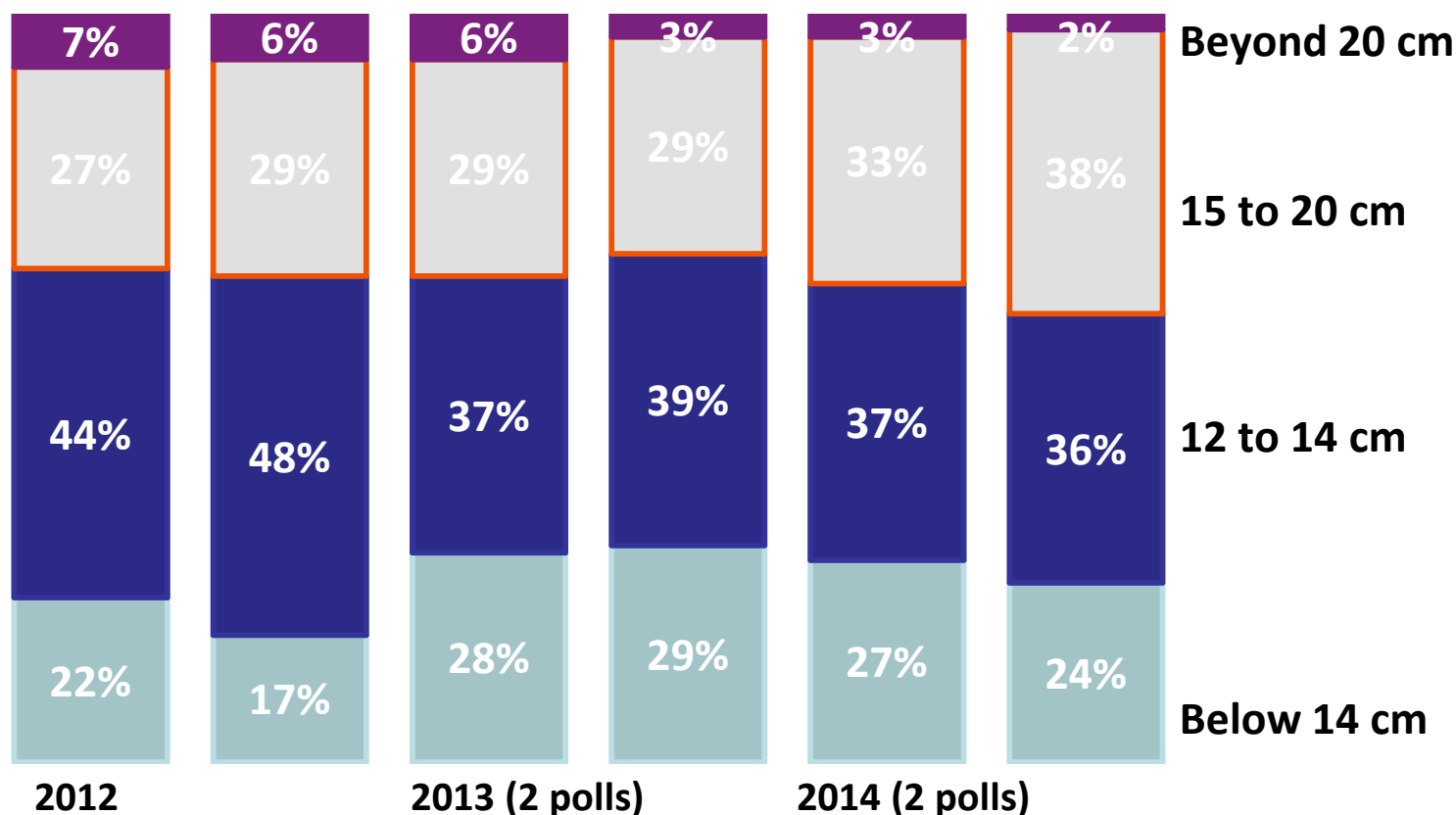
In future the growth rates of insulation thickness will significantly decline and tend to stagnation.



Development of average insulation thickness in Germany (1992 to 2014)



Development of average insulation thickness EPS in Poland (2012 to 2014)



■ **The ETICS market in Europe**

Developments and trends in the ETICS sector

The main aspects of discussion and activities of our members are almost the same in each national market. Therefore they are the main items on EAE's agenda in order to share knowledge and experience and to develop common solutions:

- ETICS & fire safety
- Sustainability: life-cycle assessment, recycling, re-use, construction waste
- Elaboration of quality schemes for design, planning and execution as well as for systems and components
- Renovation of existing systems, e.g. by application of additional ETICS

■ The ETICS market in Europe

Summary: trends and expectations

The market for energy efficiency will be a growth market in the future.
ETICS will play an important role to achieve Europe's political objectives.

Expected trends:

- Implementation of fire-safety measures in Member States without respective regulation.
- Life-cycle assessment of buildings will become more important due to regulation and paradigm shift of younger generations.
- Improved methods for deconstruction and recycling of ETICS.
- Variety of insulation products and finishes to meet individual requirements.

■ Conclusion

To achieve all political objectives and to drive the market for energy-efficient constructions **we request from EU and Member States:**

- Reliable political framework, considering the specific situation of the construction business
- Long-term oriented support schemes

What can we do?

- Avoid irritations of customers and investors: inconsistent or conflicting communication leads to reluctance to invest
- Focus on specific benefits of systems and system components, including benefits beyond financial aspects
- Reliable and transparent communication, avoiding exaggeration



Thanks for your kind attention.

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